United Arab Bank P.J.S.C.

Review report and condensed interim financial statements

For the three months period ended 31 March 2024

United Arab Bank P.J.S.C.

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For the three months period ended 31 March 2024

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REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF UNITED ARAB BANK P.J.S.C

Introduction

We have reviewed the accompanying condensed interim financial statements of United Arab Bank P.J.S.C. (the "Bank"), which comprise the interim statement of financial position as at 31 March 2024 and the related interim income statement and comprehensive income statement for three-month then ended and the interim statement of cash flows and changes in equity for the three-month periods then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young



Signed by:
Thodla Hari Gopal
Partner
Registration No: 689

25 April 2024

Sharjah, United Arab Emirates

United Arab Bank P.J.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

For the three months period ended 31 March 2024 (Unaudited)

	Notes	*Unaudited 31 March 2024 AED'000*	*Audited 31 December 2023 AED'000*
Assets			
Cash and balances with UAE Central Bank	5	**1,723,351**	2,001,080
Due from banks, net	6	**563,622**	456,567
Loans and advances and Islamic financing receivables, net	7	**9,534,118**	9,357,293
Investments and Islamic instruments, net	8	**5,279,104**	5,089,861
Property, equipment and capital work-in-progress		**183,824**	181,351
Other assets, net	9	**623,178**	561,696
TOTAL ASSETS		**17,907,197**	17,647,848
Liabilities and shareholders' equity			
Liabilities			
Due to banks	10	**3,413,709**	3,729,435
Customer deposits and Islamic customer deposits	11	**10,655,937**	10,237,502
Medium term borrowings	12	**734,600**	734,600
Other liabilities	13	**740,057**	656,566
Total liabilities		**15,544,303**	15,358,103
Equity			
Share capital	4	**2,062,550**	2,062,550
Treasury shares		**(6,430)**	(3,885)
Tier 1 instrument		**548,226**	548,226
Special reserve		**48,022**	48,022
Statutory reserve		**76,946**	76,946
General reserve		**9,311**	9,311
Cumulative changes in fair value		**(100,617)**	(119,170)
Accumulated losses		**(275,114)**	(332,255)
Total Equity		**2,362,894**	2,289,745
TOTAL LIABILITIES AND EQUITY		**17,907,197**	17,647,848

This condensed interim financial information was approved by the Board of Directors on 25 April 2024 and signed on its behalf by:

Sheikh Mohammed Bin Faisal Bin Sultan Al Qassimi
Chairman

Shirish Bhide
Chief Executive Officer

The notes on pages 8 to 29 form an integral part of the condensed interim financial information. The independent auditors' report on review of the Bank's condensed interim financial information is set out on page 2.

INTERIM STATEMENT OF INCOME

For the three months period ended 31 March 2024 (Unaudited)

		Three months period ended 31 March (Unaudited)	
		2024	2023
		AED'000	AED'000
Interest income		**276,574**	190,793
Income from Islamic financing receivables		**27,954**	17,671
Total interest income and income from Islamic financing products		**304,528**	208,464
Interest expense		**(144,376)**	(98,642)
Distribution to Islamic depositors		**(28,120)**	(17,836)
Total interest expense and distribution to depositors		**(172,496)**	(116,478)
Net interest income and income from Islamic financing products net of distribution to depositors		**132,032**	91,986
Net fees and commission income		**22,868**	20,333
Foreign exchange income		**6,278**	7,430
Other operating income		**2,280**	2,958
Total operating income		**163,458**	122,707
Employee benefit expenses		**(50,255)**	(42,405)
Depreciation and amortization		**(5,446)**	(5,922)
Other operating expenses		**(21,969)**	(17,221)
Total operating expenses		**(77,670)**	(65,548)
Operating profit before impairment loss		**85,788**	57,159
Net impairment loss	14	**(10,779)**	(2,407)
Net profit for the period before tax		**75,009**	54,752
Tax expense	15	**(6,763)**	-
Net profit for the period		**68,246**	54,752
Earnings per share (basic and diluted in AED)	4	**0.033**	0.027

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months period ended 31 March 2024 (Unaudited)

	Three months period ended 31 March (unaudited)	
	2024 AED'000	*2023 AED'000*
Net profit for the period	**68,246**	54,752
Other comprehensive income/(loss)		
Items that may be reclassified to the income statement:		
FVOCI Investments:		
Net change in fair value	**10,577**	(18,552)
Reclassified to the income statement	**7,567**	(14,417)
Cash flow hedge:		
Effective portion of changes in fair value	**409**	-
Total items that may be reclassified to the income statement	**18,553**	(32,969)
Total comprehensive income for the period	**86,799**	21,783

INTERIM STATEMENT OF CASH FLOWS

For the three months period ended 31 March 2024 (Unaudited)

		Three months period ended 31 March (unaudited)	
		2024	*2023*
		AED'000	*AED'000*
Operating activities			
Net profit for the period		**68,246**	54,752
Adjustments for:			
Depreciation		**5,445**	5,922
Gain on sale of assets acquired in settlement of debt		**-**	(2,663)
Tax expense	15	**6,763**	-
Amortization of commission paid on Medium term borrowing		**459**	-
Net impairment losses	14	**10,779**	2,407
Amortisation of premium paid on investments		**943**	1,433
Net fair value loss on disposal of investments and Islamic instruments		**14**	20
Operating cash flows before movements in working capital		**92,649**	61,871
Changes in operating assets and liabilities:			
Loans and advances and Islamic financing receivables	7	**(222,998)**	234,347
Balances with the UAE Central Bank maturing after three months		**(23,285)**	7,741
Cash margin held by counterparty banks against borrowings and derivative transactions		**(9,293)**	(11,473)
Other assets		**(65,077)**	(68,381)
Due to banks maturing after three months		**(189,248)**	224,716
Customer deposits and Islamic customer deposits	11	**418,435**	(229,490)
Other liabilities		**133,710**	60,563
Net cash generated from operating activities		**134,893**	279,894
Investing activities			
Purchase of property, equipment and capital work-in-progress		**(7,282)**	(5,488)
Purchase of investments		**(198,864)**	(15,306)
Proceeds from redemption / sale of investments		**19,203**	39,540
Proceeds from sale of assets acquired in settlement of debt		**-**	4,700
Net cash generated (used in)/from investing activities		**(186,943)**	23,446
Financing activities			
Proceeds from Tier 1 instrument		**-**	550,875
Tier 1 instrument issuance cost		**-**	(259)
Net purchase of treasury shares		**(2,545)**	(1,329)
Coupon paid on Tier 1 instrument		**(22,200)**	-
Net cash (used in)/generated from financing activities		**(24,745)**	549,287
Net (decrease)/increase in cash and cash equivalents		**(76,795)**	852,627
Cash and cash equivalents at 1 January		**1,182,622**	(1,275)
Cash and cash equivalents at 31 March		**1,105,827**	851,352

Cash and cash equivalents comprise the following statement of financial position amounts with original maturities of three months or less:

Cash and balances with UAE Central Bank	**1,245,174**	1,682,391
Due from other banks	**552,809**	158,908
Due to banks	**(692,156)**	(989,947)
	1,105,827	851,352

The notes on pages 8 to 29 form an integral part of the condensed interim financial information. The independent auditors' report on review of the Bank's condensed interim financial information is set out on page 2.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2024 (Unaudited)

	Share capital AED'000	*Tier 1 instrument AED'000*	*Special reserve AED'000*	*Statutory reserve AED'000*	*General reserve AED'000*	*Treasury shares AED'000*	*Cumulative changes in fair value AED'000*	*Accumulated Losses AED'000*	*Total AED'000*
At 1 January 2024	**2,062,550**	**548,226**	**48,022**	**76,946**	**9,311**	**(3,885)**	**(119,170)**	**(332,255)**	**2,289,745**
Net profit for the period	-	-	-	-	-	-	-	**68,246**	**68,246**
Other comprehensive income for the period	-	-	-	-	-	-	**18,553**	-	**18,553**
Total comprehensive income for the period	-	-	-	-	-	-	**18,553**	**68,246**	**86,799**
Tier 1 instrument	-	-	-	-	-	-	-	-	-
Tier 1 instrument issuance cost	-	-	-	-	-	-	-	-	-
Coupon paid to Tier 1 instrument holders	-	-	-	-	-	-	-	**(11,101)**	**(11,101)**
Treasury shares acquired	-	-	-	-	-	**(2,545)**	-	**(4)**	**(2,549)**
At 31 March 2024 (unaudited)	**2,062,550**	**548,226**	**48,022**	**76,946**	**9,311**	**(6,430)**	**(100,617)**	**(275,114)**	**2,362,894**
At 1 January 2023	2,062,550	-	22,491	51,415	9,311	-	(153,621)	(492,810)	1,499,336
Net profit for the period	-	-	-	-	-	-	-	54,752	54,752
Other comprehensive loss for the period	-	-	-	-	-	-	(32,969)	-	(32,969)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(32,969)	54,752	21,783
Tier 1 instrument	-	550,875	-	-	-	-	-	-	550,875
Tier 1 instrument issuance cost	-	(2,367)	-	-	-	-	-	-	(2,367)
Treasury shares acquired	-	-	-	-	-	(1,324)	-	-	(1,324)
At 31 March 2023 (unaudited)	2,062,550	548,508	22,491	51,415	9,311	(1,324)	(186,590)	(438,058)	2,068,303

The notes on pages 8 to 29 form an integral part of the condensed interim financial information. The independent auditors' report on review of the Bank's condensed interim financial information is set out on page 2.

1 LEGAL STATUS AND ACTIVITIES

United Arab Bank P.J.S.C. (the "Bank") was incorporated in 1975 as a Private Joint Stock Company in the Emirate of Sharjah. The legal form of the Bank was converted to a public company with limited liability in 1982 by a decree of His Highness the Ruler of Sharjah and has been registered as a Public Joint Stock Company under the UAE Commercial Companies Law No. (8) of 1984 (as amended). The Bank's registered office is located in the Emirate of Sharjah, United Arab Emirates. The address of the registered office is PO Box 25022, Sharjah, United Arab Emirates.

The Bank carries out the business of commercial banking through its offices and branches in the United Arab Emirates. The Bank also carries out Islamic banking operations through Islamic banking windows at selected branches.

The condensed interim financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and applicable requirements of laws of the United Arab Emirates.

2. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

2.1 Changes in accounting policies

The accounting policies adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the Bank's annual financial information for the year ended 31 December 2023. The Bank has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these condensed interim financial statements. Other amendments and interpretations apply for the first time in 2024, but do not have an impact on the Bank's condensed interim financial statements.

Standards, amendments and interpretations that are effective for the Bank's accounting period beginning on 1 January 2024
The following amendments to existing standards have been applied by the Bank in preparation of these condensed interim financial statements. The adoption of these new standards does not have significant impact on the condensed interim financial statements.

Description	Effective from
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024
Lease Liability in a sale and lease back (Amendments to IFRS 16)	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024

Standard Issued but not yet Effective
There are no other applicable new standards and amendments to published standards or IFRS IC interpretations that have been issued but are not effective for the first time for the Bank's financial year beginning on 1 January 2024 that would be expected to have a material impact on the Bank's condensed interim financial statements.

2.2 Key accounting estimates and judgments

The preparation of the condensed interim financial statements requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may therefore differ resulting in future changes in these estimates. In preparing this condensed interim financial information, significant judgments made by management in applying the Bank's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited financial statements as at and for the year ended 31 December 2023.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The condensed interim financial information of the Bank has been prepared in accordance with the International Financial Reporting Standards ("IFRS"), International Accounting Standard (IAS) 34: Interim Financial Reporting as issued by International Accounting Standard Board (IASB).

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Bank's audited financial statements as at and for the year ended 31 December 2023. In addition, results for the three months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2024.

In preparing this condensed interim financial information, significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2023 as explained in Note 2.2.

Implementation of UAE Corporation Tax law and application of IAS 12 Income Taxes
On 9 December 2022, the UAE Ministry of Finance ("MOF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023.

As the Bank's accounting year ends on 31 December, the first tax period will be 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The taxable income of the bank in scope for UAE CT purposes will be subject to the rate of 9% corporate tax.
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date where the Bank generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be settled with the tax authorities.

Deferred tax is accounted for using the asset and liability method. Deferred tax assets and liabilities are recognised for the full tax consequences of all temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Recognition of deferred tax assets are, however, restricted to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured using tax rates that are expected to apply to the period in which the asset is expected to be realised or the liability is expected to be settled.

As per the Bank's assessment, there is no deferred tax impact on account of the CT Law in the condensed interim financial statements for the period ended 31 March 2024. However, the Bank will continue to monitor the publication of subsequent decisions and related guidelines, as well as continuing its more detailed review of its financial matters, to consider any changes to this position at subsequent reporting dates.

3.2 Significant accounting policies

The accounting policies applied by the Bank in the preparation of the condensed interim financial statements are consistent with those applied by the Bank in the annual audited financial statements for the year ended 31 December 2023, except for changes in accounting policies explained in Note 2.1.

4 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. The calculations are as follows:

	Unaudited three months period ended 31 March	
	2024	*2023*
	AED'000	*AED'000*
Net profit for the period	**68,246**	54,752
Number of ordinary shares:		
Number of shares of AED 1 each outstanding for the period	**2,057,619,460**	2,060,897,014
Basic earnings per share	**AED 0.033**	AED 0.027

The diluted earnings per share are the same as basic earnings per share as the Bank has not issued any instruments which would have a dilutive impact on earnings per share if or when exercised.

5 CASH AND BALANCES WITH THE UAE CENTRAL BANK

	Unaudited 31 March 2024	*Audited 31 December 2023*
	AED'000	*AED'000*
Cash on hand	**42,325**	37,654
Balances with UAE Central Bank		
- Statutory and other deposits with UAE Central Bank*	**411,026**	313,426
- Overnight Deposit Facility and Certificate of Deposits	**1,270,000**	1,650,000
	1,723,351	2,001,080

* includes statutory reserve requirement of AED 478,177 thousand (31 December 2023: AED 454,892 thousand)

The reserve requirements which are kept with the UAE Central Bank is not available to finance the day to day operations of the Bank. The UAE Central Bank balances are high grade in nature. Cash and balances with UAE Central Bank is classified under stage 1 as per IFRS 9. However, these are low credit risk and there are no expected credit losses and hence no provision has been recognised.

6 DUE FROM BANKS

	Unaudited 31 March 2024 AED'000	*Audited 31 December 2023 AED'000*
Demand deposits	**198,802**	256,768
Placements	**365,000**	200,000
Less: Expected credit loss	**(180)**	(201)
	563,622	456,567

Due from banks includes AED 189,659 thousand (31 December 2023: AED 239,197 thousand) placed with foreign banks outside the UAE. AED 10,993 thousand (31 December 2023: AED 1,700 thousand) is held with other banks as margin for derivative transactions. Due from Banks are classified under stage 1 as per IFRS 9.

7 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES

	Unaudited 31 March 2024 AED'000	*Audited 31 December 2023 AED'000*
The composition of the loans and advances portfolio is as follows:		
(a) By type:		
Overdrafts	**1,264,184**	1,393,589
Term loans (medium and short term)*	**8,262,354**	7,923,093
Loans against trust receipts	**416,072**	456,828
Bills discounted	**94,198**	128,415
Other cash advances	**23,272**	26,252
Bills drawn under letters of credit	**93,275**	83,758
Gross amount of loans and advances and Islamic financing receivables	**10,153,355**	10,011,935
Less: Provision for impairment on loans and advances and Islamic financing receivables	**(619,237)**	(654,642)
Net loans and advances and Islamic financing receivables	**9,534,118**	9,357,293

* Includes retail loans of AED 1,254,781 thousand (31 December 2023: AED 1,182,830 thousand)

Islamic financing gross receivables amount to AED 715,622 thousand (31 December 2023: AED 798,878 thousand) recognized through the Bank's Shari'a - compliant Islamic window.

7 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES (continued)

Grading of gross balances of loans and advances along with stages

	Stage 1 AED'000	***Stage 2 AED'000***	***Stage 3 AED'000***	***Total AED'000***
High	**2,483**	-	-	**2,483**
Standard	**9,211,145**	**293,813**	-	**9,504,958**
Watchlist	-	**157,338**	-	**157,338**
Default	-	-	**488,576**	**488,576**
Total gross carrying amount	**9,213,628**	**451,151**	**488,576**	**10,153,355**
Expected credit loss	**(103,374)**	**(183,660)**	**(332,203)**	**(619,237)**
As at 31 March 2024 (unaudited)	**9,110,254**	**267,491**	**156,373**	**9,534,118**

	Stage 1 AED'000	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
High	1,834	-	-	1,834
Standard	9,042,229	326,068	-	9,368,297
Watchlist	-	145,142	-	145,142
Default	-	-	496,662	496,662
Total gross carrying amount	9,044,063	471,210	496,662	10,011,935
Expected credit loss	(130,431)	(169,779)	(354,432)	(654,642)
As at 31 December 2023 (audited)	8,913,632	301,431	142,230	9,357,293

Movement in the gross balances of loans and advances and Islamic financing receivables

Gross carrying amount	***Stage 1 AED'000***	***Stage 2 AED'000***	***Stage 3 AED'000***	***Total AED'000***
As at 31 December 2023	**9,044,063**	**471,210**	**496,662**	**10,011,935**
Net of new assets originated and assets repaid	**179,363**	**(26,993)**	**(10,950)**	**141,420**
Write-offs	-	-	-	-
Transferred to/(from) Stage 1	**23,829**	**(23,829)**	-	-
Transferred to/(from) Stage 2	**(32,553)**	**35,757**	**(3,204)**	-
Transferred to/(from) Stage 3	**(1,074)**	**(4,994)**	**6,068**	-
As at 31 March 2024 (unaudited)	**9,213,628**	**451,151**	**488,576**	**10,153,355**

Gross carrying amount	*Stage 1 AED'000*	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
Gross carrying amount as at 31 December 2022	6,929,373	636,456	673,806	8,239,635
Net of new assets originated or purchased	2,255,079	(182,925)	(201,266)	1,870,888
Write-offs	-	-	(98,588)	(98,588)
Transferred to/(from) Stage 1	(154,613)	149,228	5,385	-
Transferred to/(from) Stage 2	14,224	(138,576)	124,352	-
Transferred to/(from) Stage 3	-	7,027	(7,027)	-
As at 31 December 2023 (audited)	9,044,063	471,210	496,662	10,011,935

7 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES (continued)

Movement in provision for impairment of loans and advances:

	Stage 1 ***AED'000***	***Stage 2*** ***AED'000***	***Stage 3*** ***AED'000***	***Total*** ***AED'000***
Balance as at 31 December 2023	**130,431**	**169,779**	**354,432**	**654,642**
Transferred to 12 month ECL	**240**	**(240)**	-	-
Transferred to lifetime ECL not credit impaired	**(4,913)**	**6,020**	**(1,107)**	-
Transferred to lifetime ECL credit-impaired	**(11,511)**	**(3,266)**	**14,777**	-
Transferred to ECL on commitments and contingent liabilities	**(10,394)**	-	**(18,681)**	**(29,075)**
Charge to income statement (Note 14)	**(479)**	**11,367**	**6,210**	**17,098**
Release to income statement	-	-	**(23,428)**	**(23,428)**
Write-offs	-	-	-	-
As at 31 March 2024 (unaudited)	**103,374**	**183,660**	**332,203**	**619,237**

	Stage 1 *AED'000*	*Stage 2* *AED'000*	*Stage 3* *AED'000*	*Total* *AED'000*
Balance as at 31 December 2022	93,109	245,401	296,825	635,335
Changes due to provisions recognized in the opening balance that have:				
Transferred from 12 month ECL	(33,660)	31,654	2,006	-
Transferred from lifetime ECL not credit-impaired	96	(115,324)	115,228	-
Transferred from lifetime ECL credit-impaired	-	2,427	(2,427)	-
Transferred to ECL on commitments and contingent liabilities	-	-	(2,546)	(2,546)
Charge to income statement	70,886	5,621	43,934	120,441
Write-offs	-	-	(98,588)	(98,588)
As at 31 December 2023 (audited)	130,431	169,779	354,432	654,642

8 INVESTMENTS AND ISLAMIC INSTRUMENTS

	Unaudited 31 March 2024			*Audited 31 December 2023*		
	Quoted AED'000	***Unquoted AED'000***	***Total AED'000***	*Quoted AED'000*	*Unquoted AED'000*	*Total AED'000*
Debt:						
FVOCI						
Local	**2,403,725**	-	**2,403,725**	2,288,599	-	2,288,599
Overseas	**1,844,324**	-	**1,844,324**	1,568,926	-	1,568,926
Amortised cost						
Local	**202,627**	-	**202,627**	513,605	-	513,605
Overseas	**830,128**	-	**830,128**	720,431	-	720,431
Total debt securities	**5,280,804**	-	**5,280,804**	5,091,561	-	5,091,561
Equity:						
FVOCI						
Local	-	**466**	**466**	-	466	466
Overseas	-	**76**	**76**	-	76	76
Total equities	-	**542**	**542**	-	542	542
Total investments	**5,280,804**	**542**	**5,281,346**	5,091,561	542	5,092,103
Expected credit loss			**(2,242)**			(2,242)
Net investments			**5,279,104**			5,089,861

8 INVESTMENTS AND ISLAMIC INSTRUMENTS (continued)

The Bank holds a stage 1 ECL allowance on its investment securities classified under FVOCI amounting to AED 29,260 thousand as at 31 March 2024 (31 December 2023: AED 29,260 thousand).

Included in the above are investment securities amounting to AED 2,072,739 thousand (31 December 2023: AED 2,137,230 thousand) secured under repurchase agreement with the lenders. The Banks holds an ECL allowance of AED 5,918 thousand (31 December 2023: AED 6,436 thousand) on these investment securities secured under repurchase agreements.

Grading of gross balances of investment securities (FVOCI and Amortised Cost) along with stages:

	Stage 1 AED'000	***Stage 2 AED'000***	***Stage 3 AED'000***	***Total AED'000***
High	**2,332,073**	-	-	**2,332,073**
Standard	**2,949,273**	-	-	**2,949,273**
Total gross carrying amount	**5,281,346**	-	-	**5,281,346**
Expected credit loss	**(31,502)**	-	-	**(31,502)**
As at 31 March 2024 (unaudited)	**5,249,844**	-	-	**5,249,844**

	Stage 1 AED'000	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
High	1,439,995	-	-	1,439,995
Standard	3,652,108	-	-	3,652,108
Total gross carrying amount	5,092,103	-	-	5,092,103
Expected credit loss	(31,502)	-	-	(31,502)
As at 31 December 2023 (audited)	5,060,601	-	-	5,060,601

9 OTHER ASSETS

	Unaudited 31 March 2024 AED'000	*Audited 31 December 2023 AED'000*
Interest receivable	**145,400**	142,660
Positive fair value of derivatives (Note 20)	**66,432**	57,482
Acceptances	**231,517**	203,728
Prepayments and other assets	**116,180**	91,041
Right-of-use assets	**7,169**	7,805
Assets repossessed in settlement of debts	**56,480**	58,980
	623,178	561,696

10 DUE TO BANKS

	Unaudited 31 March 2024 AED'000	*Audited 31 December 2023 AED'000*
Demand deposits	**35,438**	57,725
Term deposits	**3,378,271**	3,671,710
	3,413,709	3,729,435

Term deposits include borrowings through repurchase agreements of AED 1,768,881 thousand (31 December 2023: AED 1,764,647 thousand). Demand deposits include AED 18,113 thousand (2023: AED 53,198 thousand) held as margin for derivative transactions.

11 CUSTOMER DEPOSITS AND ISLAMIC CUSTOMER DEPOSITS

	Unaudited 31 March 2024 AED'000	*Audited 31 December 2023 AED'000*
Term deposits	**6,984,174**	6,497,281
Current accounts	**3,537,026**	3,560,296
Call and savings accounts	**134,737**	179,925
	10,655,937	10,237,502

Customer' deposits include Islamic customer deposits amounting to AED 2,019,342 thousand (31 December 2023: AED 1,436,478 thousand) undertaken through the Bank's Shari'a - compliant Islamic window.

12 MEDIUM TERM BORROWINGS

The Bank has arranged a term loan facility amounting to AED 734,600 thousand during 2023. The facility carries a floating interest rate, being margin over EIBOR and is repayable in full in December 2025.

13 OTHER LIABILITIES

	31 March 2024 AED'000	*31 December 2023 AED'000*
Acceptances	**231,517**	203,728
Interest payable	**167,292**	132,692
Negative fair value of derivatives (Note 20)	**9,468**	11,448
ECL on off-balance sheet exposures	**121,611**	89,667
Staff related provisions	**17,769**	18,886
Accrued expenses	**36,266**	62,972
Un-presented cheques	**65,916**	54,559
Lease liability	**8,386**	8,280
Others	**81,832**	74,334
	740,057	656,566

14 NET IMPAIRMENT LOSSES

Provision for credit losses recognized in the condensed interim statement of income is as follows:

	Three months period ended 31 March (Unaudited)	
	2024 AED'000	*2023 AED'000*
Net impairment of financial assets on:		
Loans and advances and Islamic financing receivables (Note 7)	**17,098**	9,399
Contingent liabilities (Note 16)	**2,869**	(2,258)
Due from banks	**(21)**	109
Recovery on bad debts written-off	**(11,667)**	(8,343)
Impairment on non-financial assets	**2,500**	3,500
Net impairment losses	**10,779**	2,407

15 TAX EXPENSE

The Bank calculates the period income tax expense using the tax rate that would be applicable to the expected total earnings. The major components of income tax expense in the condensed interim financial statement of profit or loss are:

	Three months period ended 31 March (Unaudited)	
	2024 AED'000	*2023 AED'000*
Income taxes:		
Current income tax expense	**6,763**	-
Deferred income tax expense	-	-
Income Tax Expense	**6,763**	-

Reconciliation of Bank's tax on profit based on accounting and profit as per tax law is as follows:

	Three months period ended 31 March (Unaudited)	
	2024 AED'000	*2023 AED'000*
Net profit before tax	**75,009**	54,752
Effect of CIT @ 9% (w.e.f. 2024)	**6,751**	-
Tax effects of:		
Expense not deductible for tax purpose	**12**	-
Income Tax Expense	**6,763**	-

16 COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities represent credit related commitments under letters of credit and guarantees that are designed to meet the requirements of the Bank's customers towards third parties. Commitments represent credit facilities that are undrawn as on the date of the condensed interim statement of financial position. The Bank has the following gross credit related commitments:

	Unaudited 31 March 2024 AED'000	*Audited 31 December 2023 AED'000*
Contingent liabilities		
Letters of credit	**221,108**	232,761
Guarantees	**1,931,412**	1,959,570
	2,152,520	2,192,331
Commitments		
Undrawn loan commitments	**2,621,459**	2,584,525

The undrawn loan commitments of the Bank are all revocable and are not considered for ECL computation.

Grading of gross balances of contingent liabilities along with stages

	Stage 1 AED'000	***Stage 2 AED'000***	***Stage 3 AED'000***	***Total AED'000***
High	**4,262**	-	-	**4,262**
Standard	**1,891,492**	**83,521**	-	**1,975,013**
Watchlist	-	**38,267**	-	**38,267**
Default	-	-	**134,978**	**134,978**
Total gross carrying amount	**1,895,754**	**121,788**	**134,978**	**2,152,520**
Expected credit loss	**(4,269)**	**(19,094)**	**(98,248)**	**(121,611)**
As at 31 March 2024 (unaudited)	**1,891,485**	**102,694**	**36,730**	**2,030,909**

	Stage 1 AED'000	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
High	4,262	-	-	4,262
Standard	1,853,944	145,221	-	1,999,165
Watchlist	-	54,259	-	54,259
Default	-	-	134,645	134,645
Total gross carrying amount	1,858,206	199,480	134,645	2,192,331
Expected credit loss	(4,394)	(16,667)	(68,606)	(89,667)
As at 31 December 2023 (audited)	1,853,812	182,813	66,039	2,102,664

16 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Movement in the gross balance of contingent liabilities

Gross carrying amount	***Stage 1*** ***AED'000***	***Stage 2*** ***AED'000***	***Stage 3*** ***AED'000***	***Total*** ***AED'000***
As at 31 December 2023	**1,858,206**	**199,480**	**134,645**	**2,192,331**
Changes due to financial assets recognized in the opening balance that have:				
Transferred to/(from) Stage 1	**(956)**	**956**	-	-
Transferred to/(from) Stage 2	**40,866**	**(41,199)**	**333**	-
Transferred to/(from) Stage 3	-	-	-	-
Originated / (expired) during the year	**(2,362)**	**(37,449)**	-	**(39,811)**
As at 31 March 2024 (unaudited)	**1,895,754**	**121,788**	**134,978**	**2,152,520**

Gross carrying amount	*Stage 1* *AED'000*	*Stage 2* *AED'000*	*Stage 3* *AED'000*	*Total* *AED'000*
As at 31 December 2022	1,987,916	242,727	137,295	2,367,938
Changes due to financial assets recognized in the opening balance that have:				
Transferred to/(from) Stage 1	(6,099)	6,099	-	-
Transferred to/(from) Stage 2	-	(435)	435	-
Transferred to/(from) Stage 3	-	-	-	-
Net of Originated / (expired) during the year	(123,611)	(48,911)	(3,085)	(175,607)
As at 31 December 2023 (audited)	1,858,206	199,480	134,645	2,192,331

Movement in the provision for impairment of commitments and contingent liabilities

	Stage 1 ***AED'000***	***Stage 2*** ***AED'000***	***Stage 3*** ***AED'000***	***Total*** ***AED'000***
Balance as at 31 December 2023	**4,394**	**16,667**	**68,606**	**89,667**
Changes due to provisions recognized in the opening balance that have:				
Transferred from 12 month ECL	**(14)**	**14**	-	-
Transferred from lifetime ECL not credit impaired	**74**	**(74)**	-	-
Transferred to/ (from) lifetime ECL credit impaired	-	-	-	-
Transferred from ECL on loans and advances	-	**1,746**	**27,329**	**29,075**
Net charge to income statement (Note 14)	**(185)**	**741**	**2,313**	**2,869**
As at 31 March 2024 (unaudited)	**4,269**	**19,094**	**98,248**	**121,611**

16 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

	Stage 1 AED'000	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
Balance as at 31 December 2022	6,416	26,113	55,389	87,918
Changes due to provisions recognized in the opening balance that have:				
Transferred from 12 month ECL	(438)	438	-	-
Transferred to lifetime ECL not credit impaired	-	-	-	-
Transferred to/ (from) lifetime ECL credit impaired	-	-	-	-
Transferred from lifetime ECL credit-impaired on loans and advances	-	-	2,546	2,546
Net charge to income statement	(1,584)	(9,884)	10,671	(797)
As at 31 December 2023 (audited)	4,394	16,667	68,606	89,667

17 SEGMENTAL INFORMATION

For the purposes of reporting to the chief operating decision makers, the Bank is organized into two segments:

Wholesale banking - principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers. This segment also includes Financial Markets which is principally involved in providing money market, trading and treasury services, as well as the management of the Bank's funding operations

Retail banking - principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit card facilities and funds transfer facilities as well as Islamic banking services

The interest from Treasury is credited and charged to respective business segments in order to reflect the allocation of funding costs and to match funding at transfer pricing rates.

17 SEGMENTAL INFORMATION (continued)

Segmental information for the three months period ended 31 March 2024 is as follows:

	Wholesale banking AED'000	*Retail banking AED'000*	*Total AED'000*
Net interest income and income from Islamic products net of distribution to depositors	**120,442**	**11,590**	**132,032**
Other operating income	**29,526**	**1,900**	**31,426**
Operating expenses	**(63,370)**	**(14,300)**	**(77,670)**
Net impairment losses	**(11,342)**	**563**	**(10,779)**
Net profit for the period	**75,256**	**(247)**	**75,009**
Capital expenditure - Property and equipment	**6,821**	**461**	**7,282**
As at 31 March 2024			
Segment assets	**16,773,928**	**1,133,269**	**17,907,197**
Segment liabilities	**13,221,155**	**2,323,148**	**15,544,303**

17 SEGMENTAL INFORMATION (continued)

Segmental information for the three months period ended 31 March 2023 was as follows:

	Wholesale banking AED'000	*Retail banking AED'000*	*Total AED'000*
Net interest income and income from Islamic products net of distribution to depositors	75,838	16,148	91,986
Other operating income	28,832	1,889	30,721
Operating expenses	(52,136)	(13,412)	(65,548)
Net impairment losses	(1,920)	(487)	(2,407)
Net profit for the period	50,614	4,138	54,752
Capital expenditure - Property and equipment	5,034	454	5,488
As at 31 December 2023			
Segment assets	16,602,300	1,045,548	17,647,848
Segment liabilities	13,272,663	2,085,440	15,358,103

The Bank operates in only one geographic area, the Middle East. Accordingly, no further geographical analysis of operating income, net profit and net assets is given.

18 RELATED PARTY TRANSACTIONS

The Bank carries out transactions in the ordinary course of business with related parties, defined as shareholders who have a significant equity interest in the Bank, directors of the Bank, key management personnel of the Bank and companies over which such shareholders and directors exercise control or significant influence either directly or indirectly.

The significant balances outstanding are as follows:

	Unaudited 31 March 2024 AED'000	*Audited 31 December 2023 AED'000*
Shareholders:		
Due from banks	**93**	1,014
Due to banks	**9,191**	3,608
Commitments and contingencies	**5,000**	5,000
Tier 1 Instrument	**550,875**	550,875
Coupon on Tier 1 instrument	**11,100**	33,300

	Unaudited 31 March 2024 AED'000	*Audited 31 December 2023 AED'000*
Directors:		
Loans and advances	**5,426**	12,132
Customer deposits	**15,248**	22,816
Commitments and contingencies	**45**	4,803
Other related entities of shareholders and directors:		
Loans and advances	**76,061**	52,318
Due from banks	**8**	8
Due to banks	**8,094**	700
Customer deposits	**257,697**	266,416
Commitments and contingencies	**41,243**	45,543

18 RELATED PARTY TRANSACTIONS (continued)

The significant balances outstanding are as follows: (continued)

	Unaudited 31 March 2024 AED'000	*Audited 31 December 2023 AED'000*
Key management personnel of the Bank:		
Loans and advances	**7,845**	7,782
Customers' deposits	**9,578**	6,243
Shareholders, directors, their related entities and key management personnel:		
Accrued interest income	**729**	249
Accrued interest expense	**994**	1,410

The income, expenses, purchase and sale of investments in respect of related parties during the period included in the interim statement of income are as follows:

	Unaudited three months period ended 31 March	
	2024 AED'000	*2023 AED'000*
Shareholders, directors and their related entities		
Interest income	**1,733**	2,859
Interest expense	**1,085**	573

18 RELATED PARTY TRANSACTIONS (continued)

Key management personnel	***Unaudited three months period ended 31 March***	
	2024	*2023*
Number of key management personnel	**13**	13
	AED'000	*AED'000*
Salaries and other short term benefits	**4,903**	5,012
Employees' end of service benefits	**203**	48
Total compensation to key management personnel	**5,106**	5,060
Interest income	**85**	6
Interest expense	**46**	-

	Unaudited three months period ended 31 March	
	2024 AED'000	*2023 AED'000*
Expected credit loss – charge to / (release) from income statement	**157**	(218)

Terms and conditions of transactions with related parties

The Bank has leased office space in various premises owned by a related party. The property leases and associated expenses for the three month's period ended 31 March 2024 amounted to AED ___ thousand (31 March 2023: AED 386 thousand). The property rentals are negotiated each year at market rates.

Movement in the gross balances of all related party loans and advances

Gross carrying amount	***Stage 1 AED'000***	***Stage 2 AED'000***	***Stage 3 AED'000***	***Total AED'000***
As at 31 December 2023	**54,781**	**17,451**	**-**	**72,232**
Net of new assets originated and assets repaid	**16,454**	**646**	**-**	**17,100**
As at 31 March 2024 (unaudited)	**71,235**	**18,097**	**-**	**89,332**

Gross carrying amount	*Stage 1 AED'000*	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
As at 31 December 2022	119,032	56,983	-	176,015
Net of new assets originated and assets repaid	(64,251)	(39,532)	-	(103,783)
As at 31 December 2023 (audited)	54,781	17,451	-	72,232

18 RELATED PARTY TRANSACTIONS (continued)

Movement in provision for impairment of related party loans and advances

	Stage 1 AED'000	***Stage 2 AED'000***	***Stage 3 AED'000***	***Total AED'000***
Balance as at 31 December 2023	**287**	**329**	**-**	**616**
Charge to income statement	**84**	**73**	-	**157**
As at 31 March 2024 (unaudited)	**371**	**402**	-	**773**

	Stage 1 AED'000	*Stage 2 AED'000*	*Stage 3 AED'000*	*Total AED'000*
Balance as at 31 December 2022	951	2,317	-	3,268
Release to income statement	(664)	(1,988)	-	(2,652)
As at 31 December 2023	287	329	-	616

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 - other techniques for which all inputs have a significant effect on the recorded fair value that are observable, either directly or indirectly; and

Level 3 - techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments recorded at fair value
The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 March 2024	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***	***Total AED'000***
Investments	**4,248,049**	**-**	**542**	**4,248,591**
Derivative assets	**-**	**66,432**	**-**	**66,432**
	4,248,049	**66,432**	**542**	**4,315,023**
Derivative liabilities	**-**	**9,468**	**-**	**9,468**

19 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial instruments recorded at fair value (continued)

31 December 2023	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
Investments	3,857,525	-	542	3,858,067
Derivative assets	-	57,482	-	57,482
	3,857,525	57,482	542	3,915,549
Derivative liabilities	-	11,448	-	11,448

There was no other movement between the levels of financial instruments during the year (2023: AED Nil).

Financial instruments not recorded at fair value
The fair values of financial instruments not recorded at fair value includes cash and balances with the UAE Central Bank, due from other banks, loans and advances, investments held at amortised cost, other assets (excluding derivative assets), properties, equipment and capital work in progress due to banks, customer deposits, medium term borrowings and other liabilities (excluding derivative liabilities).

Financial instruments carried at amortised cost
The fair value of the quoted debt instruments at amortised cost as at 31 March 2024 amounted to AED 1,038,371 thousand (31 December 2023: AED 1,237,044 thousand). The fair value determination of the quoted debt instruments will fall under level 1 category wherein fair value is determined based on inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

20 DERIVATIVES

Derivatives held for risk management
The tables below show the fair values of derivative financial instruments held for trading purposes, recorded as assets and liabilities, together with their notional amounts.

31 March 2024				***Notional amounts by term to maturity***			
	Positive fair value AED'000	***Negative fair value AED'000***	***Notional amount AED'000***	***Within 3 months AED'000***	***3-12 months AED'000***	***1-5 years AED'000***	***Over 5 years AED'000***
Forward contracts	**2,639**	**(2,658)**	**2,639,051**	**1,693,338**	**945,713**	-	-
Interest rate swaps	**3,476**	**(3,475)**	**646,000**	-	**1,000**	**645,000**	-
	6,115	**(6,133)**	**3,285,051**	**1,693,338**	**946,713**	**645,000**	-

31 December 2023				*Notional amounts by term to maturity*			
	Positive fair value AED'000	*Negative fair value AED'000*	*Notional amount AED'000*	*Within 3 months AED'000*	*3-12 months AED'000*	*1-5 years AED'000*	*Over 5 years AED'000*
Forward contracts	4,311	(5,841)	2,649,252	721,977	1,651,930	275,345	-
Interest rate swaps	1,864	(1,864)	652,000	2,000	-	650,000	-
	6,175	(7,705)	3,301,252	723,977	1,651,930	925,345	-

20 DERIVATIVES (continued)

As at 31 March 2024, the Bank held the following interest rate swaps as hedging instruments in fair value hedges of interest rate risk, along with amounts relating to hedged items:

				Notional amounts by term to maturity			
	Positive fair value AED'000	***Negative fair value AED'000***	***Notional amount AED'000***	***Within 3 months AED'000***	***3-12 months AED'000***	***1-5 years AED'000***	***Over 5 years AED'000***
31 March 2024							
Hedge of investments	**60,317**	-	**1,499,093**	**159,754**	**374,244**	**799,832**	**165,263**
Cross currency swap	-	**(3,335)**	**162,288**	-	**162,288**	-	-
31 December 2023							
Hedge of investments	51,307	-	1,504,331	-	343,379	995,689	165,263
Cross currency swap	-	(3,743)	163,772	-	163,772	-	-

The carrying amount of the hedged items are included in the line item 'Investments' on the statement of financial position with the notional amount totaling to AED 1,459,429 thousand (31 December 2023: AED 1,467,787 thousand). These hedged items comprise of debt instruments which are held as FVOCI.

The Bank has recognised the following gains relating to hedge ineffectiveness calculated as follows:

	31 March 2024		*31 March 2023*	
	Change in value AED'000	***Effectiveness recognised in profit and loss AED'000***	*Change in value AED'000*	*Effectiveness recognised in profit and loss AED'000*
On hedging instruments	**8,972**	**1,405**	(15,167)	(200)
On hedged items	**(7,567)**		14,967	-

21 CAPITAL ADEQUACY RATIO

	Unaudited 31 March 2024	*Audited 31 December 2023*
Common equity tier 1 ratio	**13.1%**	13.5%
Tier 1 capital ratio	**17.2%**	17.8%
Capital adequacy ratio	**18.4%**	19.0%

On 30 March 2023, the Bank has issued a perpetual, non-callable 5.5 years Tier 1 Instrument ("instrument") of USD 150 million (AED 551 Million) which qualifies to be included as regulatory Tier 1 capital. The instrument constitutes direct, unsecured, non-convertible and sub-ordinated obligations of the Bank. Under the terms and conditions of the issue, the Bank may elect not to pay a coupon and has the option to call back the Instrument at the contractual reset date subject to Central Bank of UAE approval. This issuance has strengthened the Bank's capital adequacy position and accordingly the Bank's total capital adequacy ratio stands at 18.4% as of 31 March 2024.

22 COMPARATIVE FIGURES

Certain comparative figures have been reclassified where appropriate to conform to the presentation and accounting policies adopted in these financial statements.